

107TH CONGRESS
1ST SESSION

H. R. _____

IN THE HOUSE OF REPRESENTATIVES

Mr. BERMAN (for himself and Mr. BOUCHER) introduced the following bill;
which was referred to the Committee on _____

A BILL

To amend title 35, United States Code, to provide for
improvements in the quality of patents on certain inventions.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Business Method Pat-
5 ent Improvement Act of 2001”.

6 **SEC. 2. DEFINITIONS.**

7 Section 100 of title 35, United States Code, is
8 amended by adding at the end the following:

9 “(f) The term ‘business method’ means—



1 “(1) a method—

2 “(A) of—

3 “(i) processing data; or

4 “(ii) performing calculation oper-
5 ations; and

6 “(B) which is uniquely designed for or uti-
7 lized in the practice, administration, or manage-
8 ment of an enterprise;

9 “(2) any technique used in athletics, instruc-
10 tion, or personal skills; and

11 “(3) any computer-assisted implementation of a
12 method described in paragraph (1) or a technique
13 described in paragraph (2).

14 “(g) The term ‘business method invention’ means—

15 “(1) any invention which is a business method
16 (including any software or other apparatus); and

17 “(2) any invention which is comprised of any
18 claim that is a business method.”.

19 **SEC. 3. PATENTS ON BUSINESS METHOD INVENTIONS.**

20 (a) IN GENERAL.—Title 35, United States Code, is
21 amended by inserting after chapter 31 the following new
22 chapter:

23 **“CHAPTER 32—PATENTS ON BUSINESS**
24 **METHOD INVENTIONS**

“Sec.

“321. Business method invention determinations.



“322. Opposition procedures.

“323. Effect on other proceedings.

“324. Burden of proof.

1 **“§ 321. Business method invention determinations**

2 “(a) CONFIDENTIALITY.—Except as provided in sub-
3 section (b), an application for a patent on a business
4 method invention shall be kept in confidence by the Patent
5 and Trademark Office and no information concerning the
6 application may be given without authority of the appli-
7 cant or owner unless necessary to carry out the provisions
8 of an Act of Congress or in such special circumstances
9 as may be determined by the Director.

10 “(b) PUBLICATION.—

11 “(1) IN GENERAL.—(A) Subject to subpara-
12 graph (E) and paragraph (2), each application for a
13 patent on a business method invention shall be pub-
14 lished, in accordance with procedures determined by
15 the Director, promptly after the expiration of a pe-
16 riod of 18 months after the earliest filing date for
17 which a benefit is sought under this title. At the re-
18 quest of the applicant, an application may be pub-
19 lished earlier than the end of that 18-month period.

20 “(B) Within 12 months after the first filing
21 date of an application in the United States for a
22 patent under this title, the Director shall make a de-
23 termination of whether any invention claimed in the
24 application is a business method invention.



1 “(C) After making a determination under sub-
2 paragraph (B) that an invention is a business meth-
3 od invention, the Director shall notify the applicant
4 of the determination and shall provide the applicant
5 with a period of 60 days within which to respond to
6 the determination by amending the application, with-
7 drawing the application, or otherwise.

8 “(D) No information concerning patent applica-
9 tions published under this subsection shall be made
10 available to the public, except as the Director deter-
11 mines.

12 “(E)(i) The Director shall establish procedures
13 for making determinations under subparagraph (B),
14 and for addressing amendments to any application
15 that may affect the Director’s determination of
16 whether the invention claimed in the application is
17 a business method invention.

18 “(ii) In no case shall an application that would
19 be subject to section 122 but for this section be pub-
20 lished later than the date that would otherwise apply
21 to the application under section 122.

22 “(2) EXCEPTIONS.—(A) An application shall
23 not be published under paragraph (1) if that appli-
24 cation is—

25 “(i) no longer pending;



1 “(ii) subject to a secrecy order under sec-
2 tion 181 of this title;

3 “(iii) a provisional application filed under
4 section 111(b) of this title; or

5 “(iv) an application for a design patent
6 filed under chapter 16 of this title.

7 “(B) No application for a patent shall be pub-
8 lished under paragraph (1) if the publication or dis-
9 closure of such invention would be detrimental to the
10 national security. The Director shall establish appro-
11 priate procedures to ensure that such applications
12 are promptly identified and the secrecy of such in-
13 ventions is maintained in accordance with chapter
14 17 of this title.

15 “(3) PUBLIC PARTICIPATION.—Any party shall
16 have the opportunity to submit to the Director for
17 the record prior art (including, but not limited to,
18 evidence of knowledge or use, or public use or sale,
19 under section 102), file a protest, or petition the Di-
20 rector to conduct a proceeding to determine whether
21 the invention was known or used, or was in public
22 use, or on sale, under section 102 or is obvious
23 under section 103. The Director shall conduct such
24 a proceeding if the petition—

25 “(i) is in writing;



1 “(ii) is accompanied by payment of the fee
2 set forth in section 41(a) of this title; and

3 “(iii) sets forth in detail the basis on which
4 the proceeding is requested.

5 “(4) AVAILABILITY OF INFORMATION.—Infor-
6 mation submitted pursuant to paragraph (3) shall be
7 considered during the examination of the patent ap-
8 plication.

9 “(5) PROVISIONAL RIGHTS.—During the period
10 of pendency of an application after publication, an
11 applicant shall have provisional rights pursuant to
12 section 154 of this title.

13 **“§ 322. Opposition procedures**

14 “(a) ADMINISTRATIVE OPPOSITION PANEL.—

15 “(1) ESTABLISHMENT.—The Director shall, not
16 later than 1 year after the date of enactment of the
17 Business Method Patent Improvement Act of 2001,
18 establish an Administrative Opposition Panel. The
19 Administrative Opposition Panel shall be comprised
20 of not less than 18 administrative opposition judges,
21 each of whom shall be an individual of competent
22 legal knowledge and scientific ability. Upon estab-
23 lishment of the Administrative Opposition Panel, the
24 Director shall publish notice of the establishment of
25 the Panel in the Federal Register.



1 “(2) ASSIGNMENT OF PATENT EXAMINERS TO
2 PANEL.—Patent examiners may be assigned on de-
3 tail to assist the Administrative Opposition Panel in
4 carrying out opposition proceedings under this sec-
5 tion, except that a patent examiner may not be as-
6 signed to assist in review of a patent application ex-
7 amined by that patent examiner. The Director shall
8 establish procedures by which an opposition is heard
9 under subsection (b).

10 “(b) OPPOSITION PROCEDURES.—

11 “(1) REQUEST FOR OPPOSITION.—(A) Any per-
12 son may file a request for an opposition to a patent
13 on a business method invention on the basis of sec-
14 tion 101, 102, 103, or 112 of this title. Such a re-
15 quest is valid only if the request—

16 “(i) is made not later than 9 months after
17 the date of issuance of the patent;

18 “(ii) is in writing;

19 “(iii) is accompanied by payment of the
20 opposition fee set forth in section 41(a) of this
21 title; and

22 “(iv) sets forth in detail the basis on which
23 the opposition is requested.

24 “(B) Not later than 60 days after receiving a
25 valid request under subparagraph (A), the Director



1 shall issue an order for an opposition proceeding to
2 be held on the record after opportunity for a hear-
3 ing, and shall promptly send a copy of the request
4 to the owner of record of the patent. The patent
5 owner shall be provided a reasonable period, but in
6 no case less than 60 days after the date on which
7 a copy of the request is given or mailed to the pat-
8 ent owner, within which the owner may file a state-
9 ment in reply to the grounds for the request for op-
10 position, including any amendment to the patent and
11 new claim or claims, for consideration in the opposi-
12 tion proceeding. If the patent owner files such a
13 statement, the patent owner shall promptly serve a
14 copy of the statement on the third-party requester.
15 Not later than 2 months after the date of such serv-
16 ice, the third-party requester may file and have con-
17 sidered in the opposition proceeding a reply to the
18 statement filed by the patent owner.

19 “(2) CONDUCT OF OPPOSITION PRO-
20 CEEDINGS.—Each opposition shall be heard by one
21 administrative opposition judge, and no party shall
22 be permitted ex parte communication with the ad-
23 ministrative opposition judge. In addition to the
24 statements and replies set forth in paragraph (1),
25 the administrative opposition judge may consider



1 evidence that the judge considers relevant, including
2 evidence that is presented in any oral testimony (in-
3 cluding exhibits and expert testimony) in direct or
4 cross examination, or in any deposition, affidavit, or
5 other documentary form, whether voluntary or com-
6 pelled. In any opposition proceeding, the Federal
7 Rules of Evidence shall apply.

8 “(3) AMENDMENTS TO PATENT CLAIMS.—A
9 patent applicant may propose to amend a patent
10 claim or propose a new claim at any time during the
11 opposition proceeding, except that no proposed
12 amended or new claim enlarging the scope of a claim
13 of the patent may be permitted at any time during
14 an opposition proceeding under this section.

15 “(4) DETERMINATION.—Not later than 18
16 months after the filing of a request for an opposition
17 under this section, the administrative opposition
18 judge in the opposition proceeding shall determine
19 the patentability of the subject matter of the patent,
20 a record of the administrative opposition judge’s de-
21 termination under this section shall be placed in the
22 official file of the patent, and a copy shall promptly
23 be given or mailed to the owner of record of the pat-
24 ent and to the third-party requester.



1 “(5) APPEALS.—Any party to the opposition
2 may appeal a decision of the Administrative Opposi-
3 tion Panel under the provisions of section 134 of
4 this title, and may seek court review under the pro-
5 visions of sections 141 through 145 of this title, with
6 respect to any decision in regard to the patentability
7 of any original or proposed amended or new claim
8 of the patent. A patent owner may be a party to an
9 appeal taken by a third-party requester. Any third-
10 party requester may be a party to an appeal taken
11 by a patent owner.

12 “(6) CERTIFICATION OF PATENTABILITY.—In
13 an opposition proceeding under this chapter, when
14 the time for appeal has expired or any appeal pro-
15 ceeding has terminated, the Director shall issue and
16 publish a certificate canceling any claim of the pat-
17 ent finally determined to be unpatentable, con-
18 firming any claim of the patent determined to be
19 patentable, and incorporating in the patent any pro-
20 posed amended or new claim determined to be pat-
21 entable.

22 “(7) EFFECT OF DETERMINATION.—Any pro-
23 posed, amended, or new claim determined to be pat-
24 entable and incorporated into a patent following an
25 opposition proceeding shall have the same effect as



1 that specified in section 252 of this title for reissued
2 patents on the right of any person who made, pur-
3 chased, or used within the United States, or im-
4 ported into the United States, anything patented by
5 such proposed amended or new claim, or who made
6 substantial preparations therefor, prior to issuance
7 of a certificate under paragraph (6) of this sub-
8 section.

9 **“§ 323. Effect on other proceedings**

10 “(a) RIGHT TO LITIGATION.—Subject to subsections
11 (b) and (c), proceedings under section 322 shall not alter
12 or prejudice any party’s right to pursue remedies under
13 provisions of law other than this section. In the case of
14 court proceedings, other than an appeal of a decision in
15 an opposition proceeding under this section, the court may
16 consider any matter independently of any opposition pro-
17 ceeding under this section.

18 “(b) EFFECT OF FINAL DECISIONS.—

19 “(1) IN FUTURE OPPOSITION PROCEEDINGS.—

20 If a final decision has been entered against a party
21 in a civil action arising in whole or in part under
22 section 1338 of title 28, establishing that the party
23 has not sustained its burden of proving the invalidity
24 of any patent claim, or if a final decision in an inter
25 partes reexamination proceeding instituted by a



1 third-party requester is favorable to the patentability
2 of any original or proposed amended or new claim
3 of the patent—

4 “(A) neither that party to the civil action,
5 the third-party requester, nor the privies of that
6 party or third-party requester may thereafter
7 request an opposition to such patent claim on
8 the basis of issues which that party, third-party
9 requester, or the privies of that party or third-
10 party requester raised in such civil action or
11 inter partes reexamination proceeding (as the
12 case may be); and

13 “(B) an opposition requested by that
14 party, third-party requester, or the privies of
15 that party or third-party requester on the basis
16 of such issues may not thereafter be maintained
17 by the Office.

18 “(2) EFFECT OF FINAL DECISION IN OPPOSI-
19 TION.—If a final decision in an opposition pro-
20 ceeding instituted by a third-party requester is fa-
21 vorable to the patentability of any original or pro-
22 posed amended or new claim of the patent—

23 “(A) neither the third-party requester, nor
24 the privies of that third-party requester, may
25 thereafter bring a civil action under section

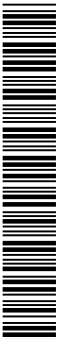


1 1338 of title 28, or request an inter partes re-
2 examination of, or an opposition to, such patent
3 claim on the basis of issues which that third-
4 party requester, or the privies of that third-
5 party requester, raised in such opposition pro-
6 ceeding; and

7 “(B) an inter partes reexamination or op-
8 position requested by that third-party requester,
9 or the privies of that third-party requester, on
10 the basis of such issues may not thereafter be
11 maintained by the Office.

12 “(3) NEW EVIDENCE.—Paragraphs (1) and (2)
13 do not prevent the assertion by a party to a civil ac-
14 tion or a third-party requester of invalidity based on
15 newly discovered prior art, or other evidence, un-
16 available to that party or third-party requester, as
17 the case may be, and the Patent and Trademark Of-
18 fice, at the time of the civil action, inter partes reex-
19 amination, or opposition proceeding (as the case
20 may be).

21 “(c) STAY OF LITIGATION.—Once an order for an op-
22 position proceeding with respect to a patent has been
23 issued under section 322(b)(1)(B), any party to the pro-
24 ceeding may obtain a stay of any pending court proceeding
25 (other than an appeal to the Court of Appeals for the Fed-



1 eral Circuit) which involves an issue of patentability of any
2 claims of the patent which are the subject of the opposi-
3 tion proceeding, unless the court before which such litiga-
4 tion is pending determines that a stay would not serve the
5 interests of justice.

6 **“§ 324. Burden of proof**

7 “(a) BURDEN OF PROOF.—In the case of reexamina-
8 tion, interference, opposition, or other legal challenge (in-
9 cluding a civil action brought in whole or in part under
10 section 1338 of title 28) to a patent (or an application
11 for a patent) on a business method invention, the party
12 producing evidence of invalidity or ineligibility shall have
13 the burden of showing by a preponderance of the evidence
14 the invalidity of the patent or ineligibility of the subject
15 matter of the application.”.

16 (b) FEES.—Section 41(a) of title 35, United States
17 Code, is amended—

18 (1) by redesignating paragraphs (7) through
19 (15) as paragraphs (9) through (17), respectively;
20 and

21 (2) by inserting after paragraph (6) the fol-
22 lowing:

23 “(7)(A) On filing an opposition under chapter
24 32 to a patent on a business method invention based
25 on prior art citations or obviousness, a fee of \$200.



1 “(B) On filing an opposition under chapter 32
2 to a patent on a business method invention on any
3 other basis, a fee of \$5,000.

4 “(C) The Director may waive the payment by
5 an individual of fees under this paragraph if such
6 waiver is in the public interest.

7 “(8) On filing a request for a proceeding to de-
8 termine whether an invention claimed in an applica-
9 tion was known or used, or has been in public use
10 or on sale, under section 102, a fee of \$35.”.

11 (b) CLERICAL AMENDMENT.—The table of chapters
12 for part III of title 35, United States Code, is amended
13 by adding at the end the following:

“32. Patents on Business Method Inventions 321.”.

14 **SEC. 4. NONOBVIOUSNESS.**

15 Section 103 of title 35, United States Code, is
16 amended by adding at the end the following:

17 “(d)(1) A business method invention shall be pre-
18 sumed obvious under this section if the only significant
19 difference between the combined teachings of the prior art
20 and the claimed invention is that the claimed invention
21 is appropriate for use with a computer technology,
22 unless—

23 “(A) the application of the computer technology
24 is novel; or



1 “(B) the computer technology is novel and not
2 the subject of another patent or patent application.

3 “(2)(A) An applicant or patentee may rebut the pre-
4 sumption under paragraph (1) upon a showing by a pre-
5 ponderance of the evidence that the invention is not obvi-
6 ous to persons of ordinary skill in all relevant arts.

7 “(B) Those areas of art which are relevant for pur-
8 poses of subparagraph (A) include the field of the business
9 method and the field of the computer implementation.”.

10 **SEC. 5. REQUIREMENT TO DISCLOSE SEARCH.**

11 The Director of the Patent and Trademark Office
12 shall, within 30 days after the date of enactment of this
13 Act, publish notice of rulemaking proceedings to amend
14 the rules of the Patent and Trademark Office to require
15 an applicant for a patent for a business method invention
16 to disclose in the application the extent to which the appli-
17 cant searched for prior art to meet the requirements of
18 title 35, United States Code. Such amendment shall in-
19 clude appropriate penalties for failure to comply with such
20 requirement. The Director shall ensure that the amend-
21 ment is implemented as promptly as possible.

22 **SEC. 6. CONFORMING AMENDMENTS.**

23 (a) DEFINITIONS.—Section 100(e) of title 35, United
24 States Code, is amended by striking “or inter partes reex-
25 amination under section 311” and inserting “, inter partes



1 reexamination under section 311, or an opposition under
2 section 322,”.

3 (b) BOARD OF PATENT APPEALS AND INTER-
4 FERENCES.—Section 134 of title 35, United States Code,
5 is amended—

6 (1) in subsection (b)—

7 (A) by inserting “or opposition” after “re-
8 examination”; and

9 (B) by inserting “or the Administrative
10 Opposition Panel (as the case may be)” after
11 “administrative patent judge”; and

12 (2) in subsection (c)—

13 (A) by striking “proceeding” and inserting
14 “reexamination proceeding or an opposition
15 proceeding”;

16 (B) by inserting “or the Administrative
17 Opposition Panel (as the case may be)” after
18 “administrative patent judge”; and

19 (C) in the last sentence, by inserting “in
20 an inter partes reexamination proceeding” after
21 “requester”.

22 (c) APPEAL TO COURT OF APPEALS.—(1) Section
23 141 of title 35, United States Code, is amended in the
24 second sentence by inserting after “reexamination pro-



1 ceeding” the following: “, and any party in an opposition
2 proceeding, who is”.

3 (2) Section 143 of title 35, United States Code, is
4 amended by inserting after the third sentence the fol-
5 lowing: “In any opposition proceeding, the Administrative
6 Opposition Panel shall submit to the court in writing the
7 grounds for the decision of the Panel, addressing all the
8 issues involved in the appeal.”.

9 (d) DEFENSE TO INFRINGEMENT.—Section 273 of
10 title 35, United States Code, is amended—

11 (1) in subsection (a)—

12 (A) by striking paragraph (3) and redesignig-
13 nating paragraph (4) as paragraph (3); and

14 (B) in paragraphs (1) and (2) by striking
15 “method” and inserting “business method”;
16 and

17 (2) in subsection (b), by striking “method”
18 each place it appears and inserting “business meth-
19 od”.

20 (e) OTHER PUBLICATION OF PATENT APPLICA-
21 TIONS.—Section 122 of title 35, United States Code, is
22 amended by adding at the end the following:

23 “(e) BUSINESS METHOD INVENTIONS.—In the case
24 of applications for business method inventions, section 321
25 of this title applies in lieu of this section.”.



1 **SEC. 7. EFFECTIVE DATE.**

2 (a) IN GENERAL.—Subject to subsections (b), (c),
3 and (d), this Act and the amendments made by this Act
4 apply to—

5 (1) any application for patent that is pending
6 on, or that is filed on or after, the date of enactment
7 of this Act; and

8 (2) any patent issued on or after the date of en-
9 actment of this Act.

10 (b) PENDING APPLICATIONS.—In applying section
11 321 of title 35, United States Code, as added by section
12 3 of this Act, to an application for patent that is pending
13 on the date of enactment of this Act—

14 (1) the Director of the Patent and Trademark
15 Office shall make the determination required by sub-
16 section (b)(1)(B) of such section 321 within 12
17 months after the date of enactment of this Act, or
18 on the date specified in such section 321, whichever
19 occurs later;

20 (2) subject to paragraph (3), such an applica-
21 tion shall be published—

22 (A) on the date specified in section 321 of
23 title 35, United States Code, or

24 (B) the date on which the determination is
25 made pursuant to paragraph (1),

26 whichever occurs later; and



1 (3) in no case shall an application that would
2 be published under section 122 of title 35, United
3 States Code, but for the enactment of this Act, be
4 published later than the date specified in such sec-
5 tion 122, regardless of when the Director makes the
6 determination under paragraph (1).

7 (c) PATENTS ISSUED BEFORE ESTABLISHMENT OF
8 ADMINISTRATIVE OPPOSITION PANEL.—In the case of a
9 patent issued after the enactment of this Act but before
10 the date on which notice of the establishment of the Ad-
11 ministrative Opposition Panel is published under section
12 322(a)(1) of title 35, United States Code (as added by
13 this Act), a request for an opposition to the patent may
14 be filed under section 322(b)(1)(A) of title 35, United
15 States Code (as added by this Act), notwithstanding the
16 9-month requirement set forth in clause (i) of that section,
17 if the request is filed not later than 9 months after the
18 date on which such notice is so published.

